

本人謹代表集團董事局向各股東提呈本集團截至二零零二年三月三十一日止之年報。

### 業務回顧及展望

#### 業務回顧

二零零二年財務年度期間，本集團之管理層繼續專注於現有業務之整合並以收購及有機增長壯大業務。

在競爭激烈及經濟不景下，本集團所得營業額約71,000,000港元，較上年度之39,000,000港元顯著上升82%。

整頓香港現有業務已見成效，營業額較上年度之39,000,000港元上升49%，約達58,000,000港元。雖然消費信心疲弱，競爭激烈，但營業額在不損邊際毛利下得以增加。

財務業績載錄了分別於去年底及二零零一年四月所收購之上海華新生物高技術有限公司（「華新」）及揚州揚大港約基因工程有限公司（「揚州基因」）於收購後之業績。本集團於本財務年度結束時完成收購貴州一樹連鎖藥業有限公司（「一樹」），而其所佔之經營業績比重將載錄於集團日後之財務報告。

本集團成功收購華新之後，全力以赴加快新藥品商業化，在原有兩個產品的基礎上，有兩個新的國家二類藥品現已結束臨床實驗，其中一個藥品已獲得新葯證書；同時努力拓寬華新銷售渠道，增聘銷售人員，增加用葯醫院，並積極同數個發展中國家洽商出口華新產品。

On behalf of the Board, I hereby present to shareholders the annual report of the Group for the year ended 31 March 2002.

### BUSINESS REVIEW AND PROSPECTS

#### Business Review

During the financial year 2002, the management of the Group remained focused on the rationalization of existing operations and expansion through acquisitions and organic growth.

Amid intense competition and economic recession, the Group recorded a turnover of approximately HK\$71million compared to that of last year at HK\$39 million, a significant increase of 82%.

The overhauling of existing operations in Hong Kong has reaped success, recording an increase in the segment's turnover of 49%, at approximately HK\$58 million compared to last year's HK\$39 million. In spite of weak consumer sentiments and intense competition, the increase in turnover has been achieved without eroding the gross profit margin.

The financial results incorporated post acquisition results from the subsidiaries acquired at the end of last year, namely, Shanghai Hua Xin High Biotechnology Inc. ("Hua Xin") and in April 2001, Yangzhou Genetic Engineering Ltd ("Yangzhou Genetic"). The Group completed its acquisition of Guizhou Ensure Chain Pharmacy Co., Ltd. ("Ensure") at the end of the financial year and its contribution in terms of trading results will be incorporated in the Group's subsequent financial reports.

Following the successful acquisition of Hua Xin, tremendous efforts have been devoted to accelerating the commercialization of new medicines. Building on the existing two products, clinical trials for two national category II drugs have now been completed and one of the drugs has been awarded with new medicine certificate. At the same time, efforts were made to widen the sales channel of Hua Xin, to increase the recruitment of sales personnel and hospital accounts. Trade talks were also actively held with various developing countries on exporting of Hua Xin's products.

於二零零二年三月三十日，本集團完成收購一樹51%股權。一樹是經國家藥品監督管理局授權經營全國藥品零售業務的50間公司之一，並且是通過國家GSP認證的18家藥品零售企業之一。目前，一樹在貴州省及湖北省連鎖經營75間藥店。該項收購使本集團成為唯一一間進入到中國藥品流通業務領域的外資公司，根據WTO協定，中國遲至二零零三年初，才會在部份城市開放此領域予符合資格的外資企業進行試點。

### 展望

隨著主要收購項目的完成，本集團已實現戰略轉型。成為一間以中國、香港兩地藥品零售業務及生物科技藥品研發、生產、銷售業務為核心的藥業企業集團。

雖然在過去的二零零一年度及本年度仍然錄得虧損，但隨著本集團轉型的完成，以及新資產的整合及優化，管理層確信，本集團於財務及經營上最困難的時期已成為過去。潛力無限的中國藥品流通業務與生物科技藥品業務，及本集團所獨有的優勢，將確保本集團踏上高速增長的軌道，從而從根本上改善經營業績，為股東帶來滿意回報。

中國政府近年來積極促進藥品流通領域的整合，全力扶持具實力的藥品零售企業進行跨地區兼併。本集團將借助一樹迅速擴大藥品零售網絡，力爭於未來三年內，通過收購、增設、合作及經營特許將藥店擴張至1,000間。同時通過收購進入中國藥品批發領域。本集團管理層確信，若擴張策略，尤其是收購策略得以順利落實，藥品

On 30 March 2002, the Group completed its acquisition of 51% interest in Ensure. Ensure is among the 50 companies authorized by the State Drug Administration (“SDA”) to operate medical retail business across the PRC and is one of the 18 medical retail companies that have obtained the State GSP certification. Currently there are 75 chain stores in Guizhou and Hubei provinces. The acquisition would represent that the Group be the first foreign enterprise to gain foothold and operate in the pharmaceutical distribution industry in the PRC. Pursuant to the WTO pact, on a progressive basis, the PRC will only begin to allow access to foreign companies to the industry sector in selective cities in early 2003.

### Prospects

With the completion of the major acquisitions, the Group has completed its strategic transformation and become a pharmaceutical conglomerate with its core businesses focused on drugs retail, research and development, production and sale of biotech drugs in the PRC and Hong Kong.

Despite the losses recorded in 2001 and this year, the management believes that with the completion of the Group's transformation and optimization of new assets, the most difficult times for the Group's financial situation and operations are over. The enormous potential of the medical distribution and biotech businesses combined with the unique competitive edge of the Group will ensure rapid growth for the Group, thus providing a fundamental improvement to operating results and bringing satisfactory returns to shareholders.

The PRC government recently has been actively promoting the rationalization of the medical distribution industry and provide full support for mergers and acquisitions initiated by strong medical retail enterprises. The Group will focus on rapidly expanding the retail network of Ensure and seek to increase the number of pharmacies to 1,000 in three years time through acquisitions, new set ups, alliances and franchising. At the same time, acquisitions will be used as a means to enter the medical

流通業務將為本集團未來銷售及盈利增長提供強大動力。

生物科技藥品方面，除白介素II已於市場推出，華新有兩個國家二類新藥，即治療肝炎的基因工程重組人干擾素水針與治療癌症的基因工程重組人GM-CSF，其中一種已獲國家藥品監督管理局所發出的新藥證書，預計於二零零二年末推出，將使華新的產品數目達到四個。與目前中國市場銷售量最大的、華新亦有生產的干擾素（凍干粉）相比，干擾素水針具有靈活性強，生產成本低的優點，市場潛力極大。本集團管理層確信，新藥品的推出，以及銷售渠道的增加將使華新未來年度的銷售額顯著增加，財務狀況進一步改善。

本集團將結合業務發展，繼續積極開展與各類金融投資及服務機構的密切合作，為集團業務發展尋求強而有力的資金支持。

本人謹代表董事局向所有股東及客戶在期內對本集團的理解、支持以及各員工為集團所作貢獻，表示忠心感謝。

主席  
孫曉路

wholesale sector. The management of the Group believes that medical distribution business will give enormous impetus to the growth of the Group's future sales and earnings once the expansion strategy, especially the acquisition strategy, is successfully implemented.

As to biotech medicine, apart from Interleukin II which is already on the market, Hua Xin has developed two national category II drugs, namely IFN (water injection) for treating hepatitis and GM-CSF for treating cancers, both restructured through genetic engineering, one of which has already received new drug certificate from SDA. It is expected that the drugs will be in the market by the end of 2002, bringing Hua Xin's number of marketed products to four. Compared with the currently best-selling drug IFN (Lyophilization) in the PRC market – which is also produced by Hua Xin – IFN (water injection) is more flexible and can be produced at low cost. The drug is predicted to have huge market potential. The management of the Group believes that the launch of the new drugs and the increase in sales channels will enable the sales of Hua Xin to increase significantly in future and the financial position to improve further.

While making sustained endeavours to develop the businesses, the Group is also forging close ties with top international investors so as to enlist strong funding support for its business development.

On behalf of the Board, I am deeply indebted to shareholders for their understanding and support for the Group during the year and I am thankful to all staff members for their contributions.

Sun Hiu Lu  
Chairman